



Department of Justice

FOR IMMEDIATE RELEASE
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**JUSTICE DEPARTMENT TAKES ACTION TO RESTORE COMPETITION
TO THE \$100 MILLION NORTH AMERICAN LAMINATED TUBE MARKET**

Toothpaste One Of The Common Products Packaged in Such Tubes

WASHINGTON, D.C. -- The Department of Justice today moved to break up an exclusive deal between two of the leading producers of toothpaste tubes and the equipment used to make these tubes. Under the deal the two companies agreed not to compete with each other for business in North America.

In the deal between the Chicago-based American National Can Company and the Swiss firm KMK Maschinen AG, KMK agreed to stop making or selling laminated tubes in the United States and gave American National Can exclusive rights to license KMK's technology in North America. In return, American National Can agreed to get out of the tube-manufacturing equipment business altogether. The deal eliminated a major foreign producer of laminated tubes from the U.S. market.

The Department's action against American National Can and KMK was filed in the U.S. District Court for the District of Columbia. At the same time, the Department filed a proposed consent decree that would settle the case against both companies, terminating the exclusive deal between them, and allowing KMK to reenter the North American market.

Anne K. Bingaman, Assistant Attorney General in charge of the Justice Department's Antitrust Division, said, "This international settlement should restore competition to the laminated tube industry and lead to lower prices for consumers of toothpaste and many pharmaceutical products."

Laminated plastic tubes are squeezable and collapsible tubular containers used to package virtually all toothpaste as well as many pharmaceutical products. Over one billion of these tubes are produced annually in North America. American National Can, a Delaware corporation with its principal place of business in Chicago is by far the dominant manufacturer of laminated plastic tubes in North America, with annual U.S. sales of more than \$60 million.

KMK is a Swiss corporation whose U.S. operations were conducted through Swisspack, a New Jersey corporation. Sales of laminated tubes in North America total about \$100 million a year.

This case grew out of events beginning in 1987. Before that, the two companies used their own tube-making equipment and technology in the United States to manufacture finished tubes and sell them, in competition with each other, to U.S. buyers.

The complaint alleges that the 1987 deal eliminated KMK both as a competing seller of tubes and as a potential independent source of technology and equipment that could be used by another current or future manufacturer of laminated tubes. The complaint further alleges that at about the same time, American National Can stopped making tube manufacturing equipment.

Some years later, KMK was purchased by a new owner that wanted to enter the North American market. It then brought the

agreements to the attention of the Department and cooperated in the subsequent investigation.

The proposed settlement would increase the sources of tube-making equipment and technology by terminating the exclusive licensing agreement between the two companies. It would also enable KMK to re-enter the laminated tube market in North America, either by manufacturing tubes itself or by licensing its technology and selling its tube-making equipment to other companies.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, together with the Department's competitive impact statement. Any person may submit written comments concerning the proposed consent during the 60-day comment period to Mary Jean Moltenbrey, Chief, Civil Task Force, Antitrust Division, U.S. Department of Justice, 325 7th Street, N.W., Room #300, Washington, D.C. 20530.

At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the consent decree upon finding that it serves the public interest.

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